

REEMPLOYED RETIREE CONTRIBUTION

AMENDMENTS

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Litvack

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending provisions related to a retiree who returns to work for a participating employer.

Highlighted Provisions:

This bill:

- ▶ defines certain terms;
- ▶ prohibits employer contributions to a qualified defined contribution plan made by a participating employer who hires a retiree, if the retiree begins the reemployment on or after July 1, 2010;
- ▶ allows the contributions made by a participating employer who hires a retiree to continue and to be credited to the retiree-designated qualified defined contribution plan, if the retiree began the reemployment before July 1, 2010; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2010.

Utah Code Sections Affected:

AMENDS:



28 **49-11-504**, as last amended by Laws of Utah 2009, Chapter 101



30 *Be it enacted by the Legislature of the state of Utah:*

31 Section 1. Section **49-11-504** is amended to read:

32 **49-11-504. Reemployment of a retiree -- Restrictions.**

33 (1) As used in this section:

34 (a) "Full-time" means:

35 (i) employment requiring at least 20 hours of work per week; or

36 (ii) at least a half-time teaching contract.

37 (b) "Reemployed" or "reemploy" or "reemployment" means service after retirement, in
38 exchange for compensation.

39 (2) This section does not apply to elected positions.

40 ~~[(1)]~~ (3) A person who [retires from a nonparticipating employer] is not a retiree under
41 this title is not subject to any postretirement restrictions under this title.

42 ~~[(2) A retiree of an agency who returns to work at a different agency is not subject to~~
43 ~~any postretirement restrictions under this section and may not earn additional service credit.]~~

44 ~~[(3) For the purposes of Subsections (4) and (5), "full-time" employment means~~
45 ~~employment requiring 20 hours of work per week or more or at least a half-time teaching~~
46 ~~contract.]~~

47 (4) A retiree of an agency who is reemployed may not earn additional service credit, if
48 the retiree is reemployed by:

49 (a) a different agency; or

50 (b) the same agency after six months from the retirement date.

51 ~~[(4)]~~ (5) A retiree of an agency who is reemployed on a full-time basis by the same
52 agency within six months of the date of retirement is subject to the following:

53 (a) the agency shall immediately notify the office;

54 (b) the office shall cancel the retiree's allowance and reinstate the retiree to active
55 member status;

56 (c) the allowance cancellation and reinstatement to active member status is effective on
57 the first day of the month following the date of reemployment;

58 (d) the reinstated retiree may not retire again with a recalculated benefit for a two-year

59 period from the date of cancellation of the original allowance, and if the retiree retires again
60 within the two-year period, the original allowance shall be resumed; and

61 (e) a reinstated retiree retiring after the two-year period shall be credited with the
62 service credit in the retiree's account at the time of the first retirement and from that time shall
63 be treated as a member of a system, including the accrual of additional service credit, but
64 subject to recalculation of the allowance under Subsection (9).

65 ~~[(5)]~~ (6) A retiree of an agency who is reemployed by the same agency within six
66 months of retirement on a less than full-time basis by the same agency is subject to the
67 following:

68 (a) the retiree may earn, without penalty, compensation from that position which is not
69 in excess of the exempt earnings permitted by Social Security;

70 (b) if a retiree receives compensation in a calendar year in excess of the Social Security
71 limitation, 25% of the allowance shall be suspended for the remainder of the six-month period;

72 (c) the effective date of a suspension and reinstatement of an allowance shall be set by
73 the office; and

74 (d) any suspension of a retiree's allowance under this Subsection ~~[(5)]~~ (6) shall be
75 applied on a calendar year basis.

76 ~~[(6)]~~ (7) For six months immediately following retirement, the retiree and participating
77 employer who are subject to Subsection (6) shall:

78 (a) maintain an accurate record of gross earnings in employment;

79 (b) report the gross earnings at least monthly to the office;

80 (c) immediately notify the office in writing of any postretirement earnings under
81 Subsection ~~[(4)]~~ (6); and

82 (d) immediately notify the office in writing whether postretirement earnings equal or
83 exceed the exempt earnings under Subsection ~~[(5)]~~ (6).

84 ~~[(7) A retiree of an agency who is reemployed by the same agency after six months
85 from the retirement date is not subject to any postretirement restrictions under this title and
86 may not earn additional service credit.]~~

87 (8) (a) If a participating employer hires a ~~[nonexempt]~~ retiree, on a full-time basis, who
88 may not earn additional service credit under ~~[this section]~~ Subsection (4), the participating
89 employer;

90 (i) if the retiree began the reemployment before July 1, 2010, shall contribute the same
91 percentage of a retiree’s salary that the participating employer would have been required to
92 contribute if the retiree were an active member, up to the amount allowed by federal law[.] in
93 accordance with Subsection (8)(b); and

94 (ii) if the retiree began the reemployment on or after July 1, 2010, may not make a
95 contribution to a qualified defined contribution plan.

96 (b) The contributions under Subsection (8)(a)(i), shall be paid to a retiree-designated:

97 (i) qualified defined contribution plan administered by the board, if the participating
98 employer participates in a qualified defined contribution plan administered by the board; or

99 (ii) qualified defined contribution plan offered by the participating employer if the
100 participating employer does not participate in a qualified defined contribution plan
101 administered by the board.

102 (c) Notwithstanding the provisions of Subsection (8)(b) , if an employer is not
103 participating in a qualified defined contribution plan administered by the board, the employer
104 may elect to pay the contributions under Subsection (8)(a)(i) to a nonqualified deferred
105 compensation plan administered by the board.

106 (9) [~~Notwithstanding any other provision of this section, a~~] A retiree who has returned
107 to work, accrued additional service credit, and again retires shall have the retiree's allowance
108 recalculated using:

109 (a) the formula in effect at the date of the retiree’s original retirement for all service
110 credit accrued prior to that date; and

111 (b) the formula in effect at the date of the subsequent retirement for all service credit
112 accrued between the first and subsequent retirement dates.

113 [~~(10) This section does not apply to elected positions.~~]

114 [~~(H)~~] (10) The board may make rules to implement this section.

115 Section 2. **Effective date.**

116 This bill takes effect on July 1, 2010.

Legislative Review Note
as of 1-20-10 3:47 PM

Office of Legislative Research and General Counsel

H.B. 333 - Public Employees Supplemental Benefit Modifications

Fiscal Note

2010 General Session

State of Utah

State Impact

Provisions of this bill should save the state a significant amount in benefit expenses paid to retired and rehired state employees. Savings are estimated up to \$91,700 per public employee, and up to \$217,300 per public safety employee. The total number of employees who will be affected is unknown.

Individual, Business and/or Local Impact

Local governments will save a significant amount in benefit expenses paid to retired and rehired employees. Savings are estimated up to \$91,700 per public employee, up to \$217,300 per public safety employee, and up to \$151,100 per firefighter. Individual public retirees who would have been rehired and received a defined contribution will be affected.
